

AMENDED IN ASSEMBLY APRIL 8, 2010

CALIFORNIA LEGISLATURE—2009—10 REGULAR SESSION

**ASSEMBLY BILL**

**No. 2734**

---

**Introduced by Assembly Member John A. Perez**

February 19, 2010

---

~~An act to relating to state government.~~ *An act to add Chapter 1.6 (commencing with Section 12096) to Part 2 of Division 3 of Title 2 of, and to repeal Chapter 3 (commencing with Section 15570) of Part 8.5 of, and Article 7 (commencing with Section 65054) of Chapter 1.5 of Division 1 of Title 7 of, the Government Code, relating to economic development.*

LEGISLATIVE COUNSEL'S DIGEST

AB 2734, as amended, John A. Perez. ~~California Business Investment Services.~~ *Office of Economic Development.*

Existing law provides for various state programs and services for the purpose of attracting and retaining businesses in this state. *Existing law requires the Secretary of Labor and Workforce Development to lead the development of a biennial California Economic Development Strategic Plan and, in doing so, to review the recommendations of the California Economic Strategy Panel, which is created for this purpose. Existing law creates the Office of Small Business Advocate in the Office of Planning and Research in the Governor's office.*

*This bill would create the Office of Economic Development, which would be directed by a secretary appointed by the Governor. The bill would require that the office serve the Governor as the lead entity for economic strategy and marketing of California on issues relating to business development, private sector investment, and economic growth, and make recommendations to the Governor and the Legislature*

regarding policies, programs, and actions to advance statewide economic goals. The bill would also create the Economic Development Council within the office, and the council would, in conjunction with the office, prepare the Economic Development Strategic Plan, as specified, to guide the state's activities and investments related to economic and workforce development, among other things. The bill would establish certain requirements regarding the composition of the membership of the council. The bill would create the California Business Investment Services Program, as specified, within the office, under the authority of the secretary, for the purpose of serving employers, corporate executives, business owners, and site location consultants who are considering California for business investment and expansion. The bill would also repeal provisions regarding the biennial California Economic Development Strategic Plan and the California Economic Strategy Panel, described above, and move the Office of Small Business Advocate to the Office of Economic Development

~~This bill would declare the intent of the Legislature to enact legislation that would codify the existence of, and establish responsibilities for, the California Business Investment Services program, which is currently operated by the Labor and Workforce Development Agency.~~

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~ yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     SECTION 1. Chapter 1.6 (commencing with Section 12096)  
2     is added to Part 2 of Division 3 of Title 2 of the Government Code,  
3     to read:

4  
5             CHAPTER 1.6. OFFICE OF ECONOMIC DEVELOPMENT

6  
7     12096. This chapter shall be known, and may be cited, as the  
8     Economic Revitalization Act.

9  
10                             Article 1. Intent

11  
12     12096.1. The Legislature finds and declares all of the  
13     following:

1     (a) *In 2008, California had the eighth largest economy in the*  
2 *world, with a gross state product of over one trillion eight hundred*  
3 *billion dollars (\$1,800,000,000,000).*

4     (b) *California's significance in the global marketplace results*  
5 *from a variety of factors, including:*

6         (1) *Its strategic west coast location that provides direct access*  
7 *to the growing markets and technology centers of Mexico, Latin*  
8 *America, Japan, China, and Southeast Asia.*

9         (2) *Its diverse regional economies.*

10        (3) *Its ethnically diverse population and well-educated*  
11 *workforce.*

12        (4) *Its access to a wide variety of venture and other private*  
13 *capital.*

14        (5) *Its rich inventory of pioneering businesses.*

15        (6) *Its culture of entrepreneurship, particularly in the areas of*  
16 *computer technology, biotechnology, and clean and green*  
17 *technology.*

18        (7) *Its access to world-class research and educational*  
19 *institutions.*

20     (c) *It is the therefore in California's best interest to have a*  
21 *designated Office of Economic Development within the Governor's*  
22 *office to provide a visible, point of contact for entrepreneurs*  
23 *seeking information on business growth and economic development*  
24 *opportunities, as well as technical assistance for navigating the*  
25 *state's regulatory environment.*

26     (d) *It is further in California's best interest to reexamine and*  
27 *reframe the state's apparatus for the delivery of services to the*  
28 *business community, particularly the small business community,*  
29 *to better position California to compete in the global economy.*

30  
31                     Article 2. *Definitions*

32  
33     12096.2. *For purposes of this chapter:*

34     (a) *"Council" means the Economic Development Council.*

35     (b) *"Office" means the Office of Economic Development.*

36     (c) *"Plan" means the Economic Development Strategic Plan.*

37     (d) *"Secretary" means the Secretary of the Office of Economic*  
38 *Development.*

## Article 3. General

12096.3. (a) *The Office of Economic Development is hereby established in state government within the Governor's office. The office shall be under the direct control of a secretary, who shall be responsible to the Governor.*

(b) *The Governor shall appoint the Secretary of the Office of Economic Development, subject to confirmation by the Senate, who shall perform all duties, exercise all powers, assume and discharge all responsibilities, and carry out and effect all purposes vested by law in the office, including contracting for professional or consultant services in connection with the work of the office.*

(c) *The salary of the Secretary of the Office of Economic Development shall be fixed pursuant to Section 12001.*

## Article 4. Powers and Duties

12096.4. *The office shall serve the Governor as the lead entity for economic strategy and marketing of California on issues relating to business development, private sector investment, and economic growth. In this capacity the office shall:*

(a) *In conjunction with the council, prepare a five-year plan, as described in Section 12096.6, to guide the state's activities and investments related to economic and workforce development, and maintain an Internet Web site for public dissemination of the plan and other information.*

(b) *In conjunction with the council, recommend to the Governor and the Legislature new state policies, programs, and actions, or amendments to existing programs, as required, advance statewide economic goals and respond to emerging economic problems and opportunities, and ensure that all state policies and programs conform to the adopted state economic and business development goals.*

(c) *Assist the Department of Finance in preparing, as part of the annual state budget, an integrated program of priority actions to achieve statewide economic goals and objectives and take other actions to ensure that the program budget, submitted annually to the Legislature, contains information reporting the achievement of state economic goals and objectives by departments and agencies of state government.*

1 (d) Coordinate the development of policies and criteria to ensure  
2 that federal grants administered or directly expended by state  
3 government advance statewide economic goals and objectives.

4 (e) Market the business and investment opportunities available  
5 in California by working in partnership with local, regional,  
6 federal, and other state public and private institutions to encourage  
7 business development and investment in the state.

8  
9 Article 5. Economic Development Council

10  
11 12096.5. (a) The Economic Development Council is hereby  
12 created within the office for the purpose of developing a vision for  
13 economic growth and a strategic plan that leverages the state's  
14 economic development programs with local, regional, federal,  
15 public, and private efforts. The council may make policy as well  
16 as fiscal recommendations to the Governor and the Legislature  
17 on issues related to economic and workforce development.

18 (b) Membership of the council is as follows:

19 (1) The secretary, who shall serve as the chairperson of the  
20 council.

21 (2) The Secretary of Labor and Workforce Development.

22 (3) The Secretary of Business, Transportation and Housing.

23 (4) The Secretary of Food and Agriculture.

24 (5) Four persons appointed by the Governor.

25 (6) One person appointed by the Speaker of the Assembly.

26 (7) One person appointed by the Senate Committee on Rules.

27 (8) The Director of the Office of Small Business Advocate.

28 (c) (1) The four persons appointed by the Governor shall  
29 broadly reflect the state's population as to gender, ethnicity, and  
30 geographic residence, and each appointee shall represent at least  
31 one of the following categories:

32 (A) Local government.

33 (B) Small business.

34 (C) Manufacturing.

35 (D) Workforce development.

36 (E) Economic development.

37 (F) Labor.

38 (G) Finance.

39 (H) Academic institutions.

1 (2) *At least six members of the council shall be from the private*  
2 *sector of the economy and at least one appointment shall be from*  
3 *a rural area of the state.*

4 (3) *Beginning January 1, 2011, appointments to the council*  
5 *shall be for four-year terms, except that the Governor's*  
6 *appointments made in the first year shall be made as follows:*

7 (A) *Two members shall be appointed on January 1, 2011, and*  
8 *every four years thereafter.*

9 (B) *Two members shall be appointed on January 1, 2011, for*  
10 *a two-year term.*

11 (d) *Vacancies in the council membership shall be filled in the*  
12 *same manner provided for the original appointment.*

13 (e) *The council shall meet on call of the secretary, who shall*  
14 *convene at least two public council meetings during each year.*

15 (f) *Council members shall serve without compensation, but they*  
16 *may be reimbursed for actual expenses incurred in connection*  
17 *with their duties.*

18  
19 *Article 6. Economic Development Strategic Plan*  
20

21 *12096.6. (a) By July 15, 2011, the secretary, in partnership*  
22 *with the council shall prepare the Economic Development Strategic*  
23 *Plan.*

24 (b) *The plan shall include, at a minimum, the following*  
25 *components:*

26 (1) *Policy goals, objectives, and recommendations required to*  
27 *implement a comprehensive economic and workforce development*  
28 *strategic plan for the state.*

29 (2) *Measurable outcomes and timelines for implementing the*  
30 *goals, objectives, and recommendations for the strategic plan.*

31 (3) *Identification of impediments to achieving the goals,*  
32 *objectives, and recommendations described in paragraph (1).*

33 (4) *Identification of key stakeholder partnerships to use in*  
34 *implementing the plan.*

35 (5) *Identification of options for funding the goals, objectives,*  
36 *and recommendations described in paragraph (1).*

37 (6) *Identification of an organizational structure, including global*  
38 *logistical and Internet-based networks, for the implementation of*  
39 *the policies, programs, and services recommended in the plan.*

1     (c) In developing the plan, the secretary and council shall, at  
2     a minimum, assess the following factors:

3     (1) Strengths and weaknesses of the California economy within  
4     a regional, national, and global context.

5     (2) Current and emerging trends, industries, and services in  
6     different regions of the state.

7     (3) Effectiveness of California's economic and workforce  
8     development programs in creating and retaining jobs, providing  
9     21st century workforce skills, and attracting industries providing  
10    employment within the state's core and emerging industries.

11    (4) Government and marketplace impediments to economic  
12    development.

13    (5) The unique opportunities and challenges in developing  
14    businesses and attracting investment along the state's border areas  
15    and in emerging domestic markets.

16    (6) As part of its deliberations in preparing the plan, the  
17    secretary and council shall consult with other public and private  
18    entities they deem necessary and appropriate.

19    (7) The secretary and council shall review the plan within five  
20    years of the date it was prepared, and every five years thereafter,  
21    and update the plan as the secretary deems appropriate. Nothing  
22    in this subdivision prohibits the secretary from reviewing or  
23    updating the plan more frequently.

24    (8) The secretary shall post the plan on the office's Internet  
25    Web site.

26  
27     Article 7. California Business Investment Services Program  
28

29     12096.7. (a) The California Business Investment Services  
30     Program is hereby created within the Office of Economic  
31     Development.

32     (b) The program shall be under the direct authority of the  
33     secretary.

34     (c) The purpose of the program is to serve employers, corporate  
35     executives, business owners, and site location consultants who are  
36     considering California for business investment and expansion.  
37     Among other things, the program shall provide:

38     (1) Economic and demographic data.

39     (2) Financial information to help link businesses with state and  
40     local public and private programs.

1 (3) Workforce information including labor availability, training,  
2 and education programs.

3 (4) Transportation and infrastructure information.

4 (5) Assistance in obtaining state and local permits.

5 (6) Information on tax credits and other incentives.

6 (7) Permitting, siting, and other regulatory information pertinent  
7 to business operations in California.

8 (d) The program shall have a well-advertised telephone number,  
9 an interactive Internet Web site, and an administrative structure  
10 that effectively supports the facilitation of business development  
11 and investment in the state.

12 (e) In implementing the program, the secretary shall establish  
13 and implement a process for convening strike teams on key business  
14 development situations, including, but not limited to, attracting  
15 new businesses, relocation of large manufacturers, or the closure  
16 of a large business employer.

17 (f) In implementing the program, the secretary shall work  
18 cooperatively with local, regional, federal, and other state public  
19 and private marketing institutions and trade organizations in  
20 attracting, retaining, and helping businesses grow and be  
21 successful in California.

22  
23 Article 8. Small Business Advocate  
24

25 12098. (a) The Legislature finds and declares that it is in the  
26 public interest to aid, counsel, assist, and protect, insofar as is  
27 possible, the interests of small business concerns in order to  
28 preserve free competitive enterprise and maintain a healthy state  
29 economy.

30 (b) In order to advocate the causes of small business and to  
31 provide small businesses with the information they need to survive  
32 in the marketplace, there is created within the Office of Economic  
33 Development the Office of Small Business Advocate.

34 (c) The advocate shall post on his or her Internet Web site the  
35 name and telephone number of the small business liaison  
36 designated pursuant to Section 14846.

37 12098.1. The following definitions apply to this article, unless  
38 otherwise indicated:

39 (a) "Advocate" means the Small Business Advocate who is also  
40 the Director of the Office of Small Business Advocate.



1     (b) “Director” means the Director of the Office of Small  
2     Business Advocate.

3     (c) “Office” means the Office of Small Business Advocate.

4     12098.3. (a) The Director of the Office of Small Business  
5     Advocate shall be appointed by, and shall serve at the pleasure  
6     of, the Governor.

7     (b) The Governor shall appoint the employees that are needed  
8     to accomplish the purposes of this article.

9     (c) The duties and functions of the advocate shall include all of  
10    the following:

11    (1) Serve as the principal advocate in the state on behalf of  
12    small businesses, including, but not limited to, advisory  
13    participation in the consideration of all legislation and  
14    administrative regulations that affect small businesses, and  
15    advocacy on state policy and programs related to small businesses  
16    on disaster preparedness and recovery including providing  
17    technical assistance.

18    (2) Represent the views and interests of small businesses before  
19    other state agencies whose policies and activities may affect small  
20    business.

21    (3) Enlist the cooperation and assistance of public and private  
22    agencies, businesses, and other organizations in disseminating  
23    information about the programs and services provided by state  
24    government that are of benefit to small businesses, and information  
25    on how small businesses can participate in, or make use of, those  
26    programs and services.

27    (4) Issue a report every two years evaluating the efforts of state  
28    agencies and, where appropriate, specific departments that  
29    significantly regulate small businesses to assist minority and other  
30    small business enterprises, and making recommendations that may  
31    be appropriate to assist the development and strengthening of  
32    minority and other small business enterprises.

33    (5) Consult with experts and authorities in the fields of small  
34    business investment, venture capital investment, and commercial  
35    banking and other comparable financial institutions involved in  
36    the financing of business, and with individuals with regulatory,  
37    legal, economic, or financial expertise, including members of the  
38    academic community, and individuals who generally represent the  
39    public interest.

1     (6) Determine the desirability of developing a set of rational,  
2     objective criteria to be used to define small business, and develop  
3     those criteria, if appropriate.

4     (7) Seek the assistance and cooperation of all state agencies  
5     and departments providing services to, or affecting, small business,  
6     including the small business liaison designated pursuant to Section  
7     14846, to ensure coordination of state efforts.

8     (8) Receive and respond to complaints from small businesses  
9     concerning the actions of state agencies and the operative effects  
10    of state laws and regulations adversely affecting those businesses.

11    (9) Counsel small businesses on how to resolve questions and  
12    problems concerning the relationship of small business to state  
13    government.

14    (10) Maintain, publicize, and distribute an annual list of persons  
15    serving as small business ombudsmen throughout state government.

16    (11) Consult with the Department of Transportation in the  
17    development and administration of the Small and Emerging  
18    Contractor Technical Assistance Program established pursuant  
19    to Article 2.6 (commencing with Section 14137) of Chapter 2 of  
20    Part 5.

21    12098.4. (a) Each agency of the state shall furnish to the  
22    advocate the reports, documents, and information that are public  
23    records and that the director deems necessary to carry out his or  
24    her functions under this chapter.

25    (b) The advocate shall prepare and submit a written annual  
26    report to the Governor and to the Legislature that describes the  
27    activities and recommendations of the office.

28    (c) The advocate may establish a centralized interactive  
29    telephone referral system to assist small and minority businesses  
30    in their operations, including governmental requirements, such  
31    as taxation, accounting, and pollution control, and to provide  
32    information concerning the agency from which more specialized  
33    assistance may be obtained. The advocate may establish and  
34    advertise a telephone number to serve this centralized interactive  
35    telephone referral system.

36    12098.5. In addition to his or her other responsibilities under  
37    this article, the advocate shall do the following:

38    (a) Develop on the office's Internet Web site, and update as  
39    necessary, a handbook about emergency preparedness, responses  
40    to emergencies, and recovery strategies for small businesses.

1     **(b)** *Conduct, no later than July 1, 2008, at least three public*  
2 *meetings, and one public meeting every other year thereafter, to*  
3 *share best practices for small business disaster preparedness. The*  
4 *meetings shall be held in consultation with regional and statewide*  
5 *small business organizations and shall take place in different*  
6 *locations throughout the state.*

7     **SEC. 2.** *Chapter 3 (commencing with Section 15570) of Part*  
8 *8.5 of Division 3 of Title 2 of the Government Code is repealed.*

9     **SEC. 3.** *Article 7 (commencing with Section 65054) of Chapter*  
10 *1.5 of Division 1 of Title 7 of the Government Code is repealed.*

11     ~~**SECTION 1.** It is the intent of the Legislature to enact~~  
12 ~~legislation that would codify the existence of, and establish~~  
13 ~~responsibilities for, the California Business Investment Services~~  
14 ~~program, which is currently operated by the Labor and Workforce~~  
15 ~~Development Agency.~~